

DEAR HR MANAGER...



Bob Lavigna

*From the basic workforce plan to a targeted performance management program, guest consultant **Bob Lavigna** helps meet the general and specific challenges faced by human resources managers today*

Q: As competition intensifies, budgets grow tighter, and talent becomes harder to find and keep, helping employees perform at high levels is more important than ever. What steps can we take to make sure our employees perform?

A: According to an Australian National Audit Office study, performance management (along with workforce planning and organisational development) is most critical to organisational success. However, the office also concluded that performance management as it is usually practised is ineffective.

Good performance management (PFM) makes good business sense – it can improve productivity and morale, reduce workplace stress, increase efficiency, lower costs and improve service delivery.

Despite these potential benefits, PFM systems too often consist of perfunctory performance evaluations conducted each year, which are viewed as a burden, not an opportunity. However, in effective performance management systems, these evaluations are part of a larger process that not only can improve individual performance, but can change the working culture of the organisation.

An organisation must first have strategies, processes, approaches, and policies in place that support the PFM system. Just as strategies must be flexible enough to change over time, so must PFM, to reflect:

- changes in working culture and environment
- changes in business needs
- integration of workforce competencies with business needs
- support of the organisation's strategic plan, organisation and operational approach
- demographic shifts
- the need for different employee skill sets and availabilities
- more accountability at all levels

In this broad context, a comprehensive PFM system includes:

- planning work and setting expectations
- monitoring performance
- cultivating good performance
- conducting performance evaluations
- rewarding good performance and addressing deficit performance

Perhaps most importantly, a good performance management system that is linked to the organisation's strategic goals provides a 'line of sight' connection for the employee. That is, PFM systems work best when staff can see a clear connection between their work and the organisation's goals and to make employee activities and results transparent to management. Successful organisations clearly articulate objectives and then directly and transparently link performance agreements and assessments to these objectives.

This linkage can be achieved through clear and meaningful performance reporting, reducing levels of supervision, and improving direct accountability for performance.

PFM systems should be the product of deliberate and strategic decision-making based on an understanding of the organisation, its objectives, its operating environment, and its culture. There is no one-size-fits-all solution. HR must partner with other leaders to advocate this strategic approach. In this way, performance management can be a lever for positive organisational change.

Q: There's an awful lot of buzz about workforce planning (also referred to as human resource planning). What exactly is it?

A: Workforce planning is the strategy an organisation uses to ensure it will have the right people with the right skills in the right places at the right times, and involves:

1. analysing the current workforce, that is the people and competencies available
2. identifying future workforce needs
3. comparing them to identify imbalances, gaps and surpluses
4. developing HR policies, plans, and approaches to negate gaps and surpluses
5. devising a process to ensure that workforce needs and capabilities are continually assessed, gaps are identified and strategies implemented to eliminate imbalances

Of course, the technical aspects of workforce planning must take a multitude of factors into account, such as environmental scanning, economic forecasting, employee turnover projections and so on. It must also be directly linked to the organisation's strategic goals and objectives. In other words, steps one and two of the planning process must be directly and explicitly linked to organisational strategy.

Ideally, workforce planning will produce new policies, approaches and processes in all HR areas, which will work together as a system to build the workforce and competencies critical to long-term success.

Regardless of how well we talk the talk, we need to be able to walk the walk to ensure that workforce planning makes a real difference. With the long-term future in mind, workforce planning can also be used as a key tool to prepare for the upcoming exodus of workers as greying baby-boomers prepare to retire. **HC**

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